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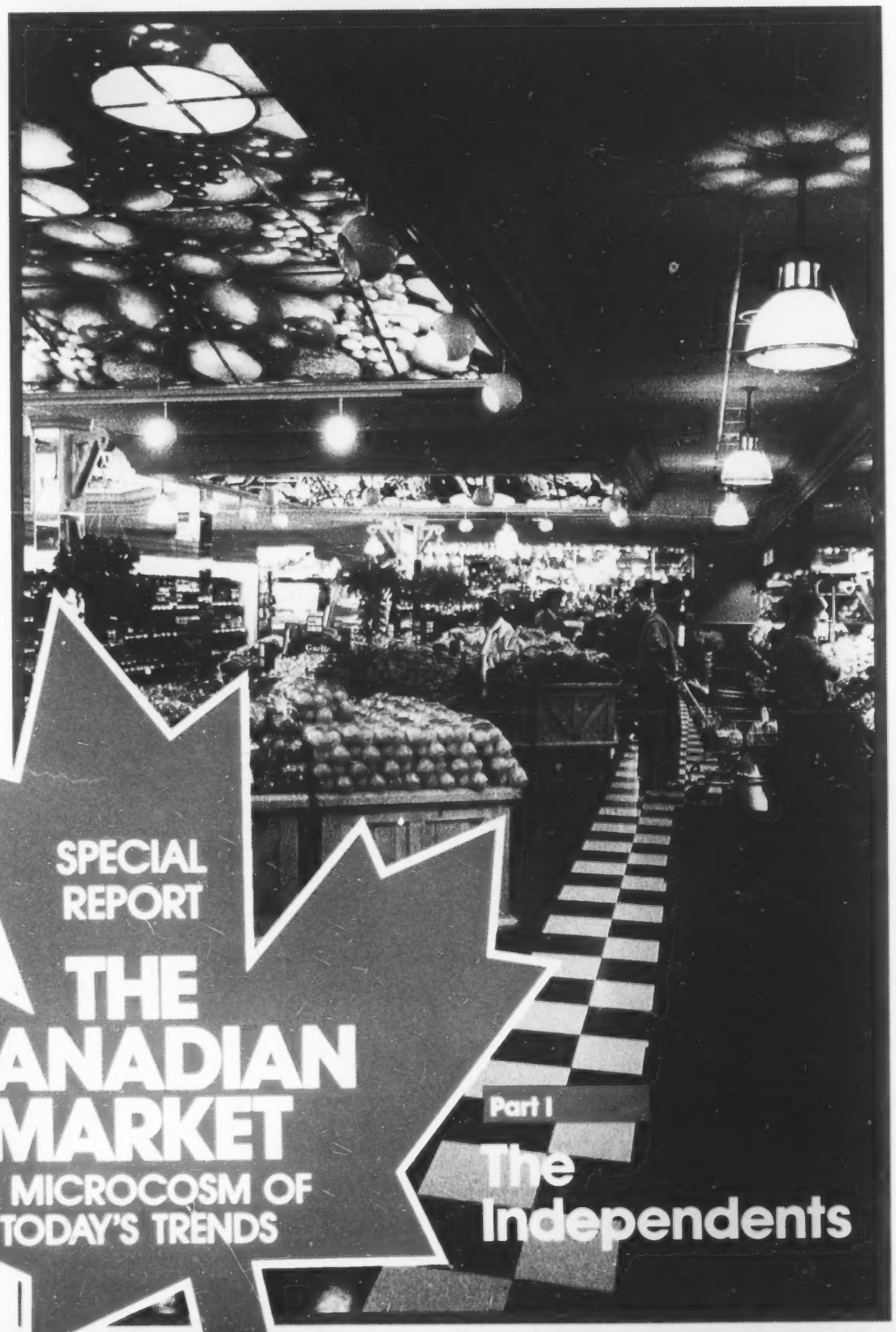

SPECIAL REPORT

THE CANADIAN MARKET

A MICROCOSM OF TODAY'S TRENDS

Part I

The Independents

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SUPERMARKET BUSINESS

VOLUME 42
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PART ONE
OF TWO PARTS

JUNE 1987

SPECIAL REPORT: CANADA, A MICROCOSM OF TODAY'S TRENDS 20
PART ONE: THE INDEPENDENTS/BOB HUGHES & KEVIN COUPE

United States retailers can learn a lot from the Canadian supermarket business. Similarities between supermarkets in the two countries do exist, but on a recent trip north of the border, SUPERMARKET BUSINESS found interesting differences; retailers there often combine entrepreneurial savvy with a marketing flair that U.S. retailers might appreciate.

IN VANCOUVER, BOB WYLLIE RELISHES HIS FREEDOM 21

He used to manage a corporately owned Super Valu, and hated it. But now, Bob Wyllie owns the store—he does a lot more business, and has a lot more fun.

TORONTO'S KNOB HILL FARMS: BIG, BOLD AND BEYOND COMPARE 24

This 325,000-square-foot supermarket-cum-warehouse provides affordable groceries in a bustling market-like environment. Its success—and style—are nonpareil.

IN TORONTO, FOOD CITY AIMS FOR EACH NICHE 32

The Oshawa Group's corporately owned stores—including Food City—help the company to keep a hand in food retailing, so that it can better serve its independent members.

IN MONTREAL, MARCHÉ DUNN'S MEAT CARVES UP THE COMPETITION 34

This 18,000-square-foot conventional unit is among the best independent stores in Canada. Part of that success can be traced to the superb meat section—which accounts for almost 30 percent of the store's volume.

IN NEW BRUNSWICK, RICHARD TINGLEY KEEPS PUSHING 37

Richard Tingley's two award-winning Save-Easy stores in Fredericton work to remain up-to-date in an environment whose scenery evokes yesteryear.

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PREPARING FOR THE FUTURE WITH PREPARED FOODS 5A
PETER LEVITEN

The products that delis offer become more sophisticated, as retailers battle harder for the fast-food dollar, and try to meet the needs of sophisticated, time-conscious consumers, deli managers are faced with the problem of supplying high-quality prepared foods.

INNOVATIVE INSTORE IDEAS FROM CANADA 14A
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Canadian retailers handle today's demand for service at the deli department with flair and ingenuity.

BASHAS' DELI ISN'T THE RETIRING KIND:PETER LEVITEN 28A

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SPECIAL-INTEREST MARKETING: BEYOND MOTOR OIL
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Such items as fishing rods and bicycles are not common in supermarkets—and with reason. Many retailers feel that supermarkets cannot support this kind of product. Others, however, have been able to merchandise this kind of item effectively.

NONFOODS IDEAS FROM NORTH OF THE BORDER 59
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From shoe repair to dry cleaning to upscale housewares: Canadian nonfoods departments offer intriguing approaches to nonfoods services and products.

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SAMI UPDATE

All HBA Product Groups Report Gains For Food Store Sales in March

BY ALAN B. MILLER JR.

Sales of health and beauty aids had a record month in March, leading all departments in both unit volume and dollars.

After four months of gains in the 1-to-2.5 percent range, health and beauty aids (HBA) unit volume through food stores surged 4.3 percent for the four weeks ending March 27, 1987. This gain was enough to put HBA ahead of all SAMI-tracked product departments for the period.

Dry grocery:nonfoods gained 1.9 percent, and refrigerated foods gained 1.8 percent. Shelf-stable foods inched forward 0.1 percent, while frozen foods, despite a frozen food month promotional push, grew just 0.2 percent.

On a dollar basis, HBA's gain of 6.2 percent again led all departments and was most closely challenged by a 3.8 percent gain for frozen foods.

High gains

Gains for the eight HBA product groups ranged from a high of 14.1 percent for skin care aids to a low of 0.6 percent for proprietary remedies. Among categories, the score was 33 gains and 19 losses.

Included in the 33 gains are natural vitamins, minerals and supplements (17.1 percent) and dental aids (4.3 percent)—the two newest HBA categories tracked by SAMI, for which two full years of trending are not yet available. The former category's growth stems from the popularity of new calcium supplements, as well as fish oils.

The highest category gain rate was 41.4 percent for lip care products, which also had the highest increase on a yearly basis. Infant clothes had the highest loss rate (-20.6 percent), but it represents a decline from a relatively low volume base.

In the baby needs group, the continuing loss rate registered by infant clothes was joined by nursing supplies, which had a decline of 1.4 percent. But posting gains for March, compared to losses for the year, were baby powders (+ 8.7 percent) and baby oils, creams and lotions (+ 6.1 percent).

Personal deodorants gained just 1.0 percent, and once again, stick deodorants gained at the expense of sprays, roll-ons and creams. It is still too early to tell whether the new Axis and Trust products from Lever Bros. will turn around the trends for sprays and roll-ons.

Deodorant and talcum powders fell 5.2 percent in March, but feminine hygiene deodorants had a modest 1.4 percent increase. The 5.4 percent gain rate for foot deodorants and athlete's foot remedies was higher than the trend in recent months and was the result of good performance among athlete's foot remedies.

New products in the feminine douche category gave unit sales a strong 17.0 percent boost. Another increase of this magnitude would change the category's annual trend of -0.7 percent to a gain.

Both first aid categories posted gains: 11.4 percent for antiseptics and 3.1 percent for first aid products (bandages, gauze, cotton balls, and so on). The antiseptics gain, triggered by the improvement for cortisone products, was lower than that of the preceding period, while the first aid products gain was the best showing in several months.

Hair highlights

In the hair care needs group, five of the seven categories showed improvement and only two had losses: home permanent kits (-9.1 percent) and hair dressing needs (-4.3 percent). The latter continued a weak trend, with losses found among all major lines of men's hair grooming products.

Posting a small gain after consistent losses was the high volume shampoo category (+ 1.9 percent). Hair sprays was outstanding, however, with a strong 20.8 percent gain.

The 4.8 percent increase for hair conditioning rinses was the highest gain for this category in several months. The 6.8 percent gain for hair setting needs suggests that hair styling mousse products are still showing sales vitality, although changes have occurred in the brand mix.

One of the most important changes in this group was found in the hair coloring category, which moved from a loss of 15.0 percent in February to a gain of 4.5 percent in March.

Of the oral hygiene categories, four had gains and the two that had losses amounted to less than 1.0 percent: denture cleaners (-0.1 percent) and denture adhesives (-0.6 percent). The highest gain was 33.5 percent for mouthwashes, which was helped by the introduction of Plax and Sucrets and the line

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	**4 WEEKS ENDING 1/30/87**	**4 WEEKS ENDING 2/27/87**	**4 WEEKS ENDING 3/27/87**
BABY NEEDS	**– 5.2%**	**– 0.2%**	**+ 1.5%**
Baby Powders	+ 6.5	– 3.1	+ 8.7
Baby Oils, Creams & Lotions	– 6.5	+ 3.6	+ 6.1
Infant Clothes	– 22.6	– 14.1	– 20.6
Nursing Supplies	– 4.3	+ 0.1	– 1.4
DEODORANTS	**– 1.0%**	**+ 4.9%**	**+ 1.0%**
Sprays	– 4.3	– 1.0	– 8.1
Roll-Ons	– 8.6	+ 2.3	– 7.6
Stick Deodorants & Pads	+ 5.0	+ 13.1	+ 8.0
Creams	– 14.2	– 10.8	– 11.9
Deodorants & Talcum Powders	– 2.4	– 8.0	– 5.2
Feminine Hygiene Deodorants	– 7.6	– 4.3	+ 1.4
Foot Deodorants & Athlete's Foot Remedies	– 1.4	+ 4.2	+ 5.4
Feminine Douches	+ 5.5	+ 0.9	+ 17.0
FIRST AID	**+ 1.2%**	**+ 3.8%**	**+ 4.8%**
Antiseptics	+ 12.1	+ 17.9	+ 11.4
First Aid Products	– 1.5	+ 0.3	+ 3.1
HAIR CARE NEEDS	**– 0.3%**	**+ 1.6%**	**+ 6.3%**
Shampoos	– 3.9	– 0.6	+ 1.9
Hair Sprays	+ 11.4	+ 9.5	+ 20.8
Hair Conditioning Rinses	– 0.0	+ 2.8	+ 4.8
Hair Setting Needs	– 2.0	+ 4.3	+ 6.8
Home Permanent Kits	– 12.8	+ 3.1	– 9.1
Hair Coloring	– 3.6	– 15.0	+ 4.5
Hair Dressing Needs	– 7.7	– 6.8	– 4.3
ORAL HYGIENE	**+ 1.6%**	**+ 2.7%**	**+ 7.8%**
Toothpastes & Powders	– 2.1	– 5.5	+ 0.8
Mouthwashes	+ 14.3	+ 30.6	+ 33.5
Breath Fresheners	– 0.0	+ 8.5	+ 11.3
Denture Cleaners	– 2.6	– 5.7	– 0.1
Denture Adhesives	– 0.7	– 2.6	– 0.6
Toothbrushes	+ 5.6	+ 6.7	+ 8.7
PROPRIETARY REMEDIES	**+ 6.4%**	**– 3.0%**	**+ 0.6%**
Antacids	+ 2.4	– 1.0	+ 1.3
Internal Analgesics	+ 5.5	– 3.3	– 9.2
External Analgesics	+ 0.7	+ 0.8	– 4.3
Cold Remedies	+ 12.6	– 3.2	+ 15.9
Nasal Sprays—Drops—Inhalers	+ 2.1	– 1.1	+ 8.7
Chest Rubs	+ 0.6	– 18.8	– 1.1
Cough Remedies	+ 7.3	– 12.1	+ 2.1
Laxatives	+ 3.5	+ 2.1	+ 2.0
Sleeping Aids	– 2.1	– 3.3	– 1.6
Tranquilizers	– 20.5	– 13.0	– 15.7
Synthetic Vitamins	+ 15.9	+ 17.6	+ 3.4
Eye Care Products	+ 12.3	+ 16.7	+ 19.6
Appetite Suppressants	– 11.5	– 15.2	– 11.7
SHAVING NEEDS	**– 5.5%**	**– 4.3%**	**+ 4.9%**
Shaving Creams	– 7.4	– 1.2	+ 2.5
Pre-Shave Lotions	– 8.8	– 8.0	+ 2.2
After-Shave Lotions	– 8.8	– 8.1	+ 9.3
Razor Blades	– 4.3	– 5.3	+ 5.6
Razors & Blades	– 5.3	+ 1.7	– 1.0
SKIN CARE AIDS	**+ 10.1%**	**+ 16.8%**	**+ 14.1%**
Hand & Body Creams & Lotions	+ 3.6	+ 14.9	+ 20.0
Facial Preparations	– 9.4	– 6.3	– 3.1
Lip Care Products	+ 41.5	+ 49.7	+ 41.1
Suntan Lotions & Oils	– 49.3	+ 12.3	– 11.1
Cosmetic & Medicated Skin Aids	+ 5.9	+ 9.0	+ 11.2
TOTAL ALL CATEGORIES	**+ 2.5%**	**+ 1.0%**	**+ 4.3%**

extension of Scope with peppermint flavor.

Toothpaste sales rose 0.8 percent, which was an improvement over the February loss of 5.5 percent. New in this category were Colgate Tartar Control, Aim Extra Strength and Close-Up paste. Breath fresheners gained 11.3 percent, but this is a small-volume category. The gain for toothbrushes of 8.7 percent was a slight improvement over February's 6.7 percent gain.

Spring colds

Proprietary remedies moved ahead only 0.6 percent, with seven categories reporting gains and six reporting losses. Cough- and cold-related categories bounced back from losses reported in February, with gains posted for cold remedies (15.9 percent), nasal sprays-drops-inhalers (8.7 percent) and cough remedies (2.1 percent). Chest rubs moved from a loss of 18.8 percent to a loss of just 1.1 percent.

Internal analgesics continued to decline. Although the ibuprofen entries—Advil, Nuprin, Medipren and Haltran—have garnered an important share of the category, their volume gains were not sufficient to make up for losses among other leading brands. Sales of external analgesics moved from a small gain (+0.8 percent) in February to a loss of 4.3 percent in March.

Laxatives (+2.0 percent) and synthetic vitamins (+3.4 percent) registered small gains, but sleeping aids continued to show a loss (-1.6 percent). Eye care products, especially contact lens solutions, continued to gain at a double-digit rate (+19.6 percent), while appetite suppressants (-11.7 percent) continued to show a double-digit loss.

All five shaving needs categories reversed trends from those registered in February. Moving from a minus to a plus reading were shaving creams (+2.5 percent), pre-shave lotions (+2.2 percent), after-shave lotions (+9.3 percent) and razor blades (+5.6 percent), while razor sets (-1.0 percent) moved in the opposite direction.

Softer skin

New Jergen's Vite can be credited with some of the strong performance of hand and body lotions, which gained 20.0 percent. Facial preparations, however, posted another decline (–3.1 percent), although this was a small improvement over the –6.3 percent scored in February.

Lip care products continued to show impressive gains, registering an advance of 41.1 percent. Suntan lotions and oils declined 11.1 percent in March, after gaining 12.3 percent in February. But a loss of this magnitude for these products in March is not as worrisome as it would be in the peak season, during late spring and early summer.

Finally, cosmetic and medicated skin aids (+11.2 percent) continued their upward momentum as a result of strong sales for Stridex, Aveeno Bar, Oxy-Clean and Noxzema on the Spot. ■